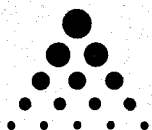


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**Chaparral City**

Water Company

A Subsidiary of American States Water Company

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March 17, 2009

AZ CORP COMMISSION  
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Kris Mayes, Chairman  
Arizona Corporation Commission  
1200 West Washington  
Phoenix, AZ 85007-2996

Re: your letter of February 20, 2009 – Federal Stimulus Monies

Dear Chairman Mayes,

Thank you for your correspondence of February 20<sup>th</sup> and sharing with Chaparral City Water Company ("CCWC") the availability Federal stimulus monies through the Safe Drinking Water Act that will be administered in Arizona through the Water Infrastructure Financing Authority ("WIFA"). Described below are the two responses you requested in your correspondence: our plans for applying the increased funding and the specific projects for which the increased funding will be used.

An application was filed with WIFA prior to their March 13<sup>th</sup> deadline for two projects that were the closest to "shovel ready" amongst our inventory of master planned water supply and distribution projects. Though CCWC is always interested in expanding its customer base in Arizona, which would include pursuing the acquisition of older and aging water systems, none of these efforts had matured to a stage that would have allowed us to pursue funding from WIFA.

Instead, we have focused our efforts on increasing the reliability of the water supply to municipalities we currently serve, the Town of Fountain Hills and a small portion of the City of Scottsdale, by requesting funding for arsenic treatment on CCWC's two existing wells.

Thank you for your leadership on this matter and your efforts to promote a reliable and robust water infrastructure for Arizona.

Sincerely,

Robert N. Hanford  
District Manager  
Chaparral City Water Company

Arizona Corporation Commission

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